

T-1155

DEPARTMENT OF THE INTERIOR AND RELATED
AGENCIES APPROPRIATIONS FOR 1968

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

NINETIETH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON DEPARTMENT OF THE INTERIOR AND
RELATED AGENCIES

JULIA BUTLER HANSEN, Washington, *Chairman*

MICHAEL J. KIEWAN, Ohio

BEN REIFEL, South Dakota

JOHN O. MARSH, Jr., Virginia

JOSEPH M. MCDADE, Pennsylvania

JOHN J. FLYNT, Jr., Georgia

WILLIAM H. HARRISON, Wyoming

CHARLES S. JOELSON, New Jersey

GEORGE E. EVANS, *Staff Assistant to the Subcommittee*

PART 1

DEPARTMENT OF THE INTERIOR

Bureau of Commercial Fisheries

Bureau of Indian Affairs

Bureau of Land Management

Bureau of Mines

Bureau of Outdoor Recreation

Bureau of Sport Fisheries and Wildlife

National Park Service

Office of Saline Water

Office of Territories

Office of Water Resources Research

Under Secretary of the Interior



Mr. McDADE. You have requested 20 additional positions which would bring the total to 41, correct?

Dr. RENNE. Yes, sir.

Mr. McDADE. You say that the manpower ceiling imposed upon you for fiscal year 1968 permits you to have 30 people, correct?

Dr. RENNE. Correct.

Mr. McDADE. Yet you are asking us for 41?

Dr. RENNE. No, I would not say that.

Mr. McDADE. You are asking us for 20 new positions?

Dr. RENNE. The budget indicates what is our best judgment that it will take to get the job done we have discussed.

Mr. McDADE. That is 20 new positions?

Dr. RENNE. If we did it by our own people, by our own staff, the dollars that are in here are in other places where you cannot hire individuals.

Mr. EATON. I think to clarify that, note the figures on page 669 of the appendix to the budget. Page 669, the tabulation headed "Personnel Summary" which shows 41 positions.

Dr. Renne's statement is that the amount of dollars that go with those 41 positions is sufficient only to enable us to have 41 on duty by approximately the last part of the fiscal year 1968.

Dr. RENNE. We could not hire them until June. In other words, if you will look at the dollars you will find that there is \$46,000 more in the 1968 estimate than the 1967 estimate—\$46,000 is the difference between \$322,000 and \$276,000—\$46,000 will never hire 20 people for a year. The average would be about \$2,000 a year. You won't get clerks for that.

Does that help you, Mr. McDade?

Mr. McDADE. When you submit your fiscal year 1969 justification, you will show as a base 41 people and yet you employed them 1 month out of the fiscal year, right?

Dr. RENNE. Yes, sir, but that would be after the hearings on 1969. You have to make that decision.

Mr. McDADE. It sounds to me as though somebody has already made some decisions we do not quite know about.

Mr. EATON. I think the point Dr. Renne made was that we are going to run the program as well as we can, using whatever means are at our disposal. If we find that we cannot do it efficiently, we will go back to the Department officials and the Budget Bureau and ask for a reconsideration.

Dr. RENNE. Personnel. There are some things that you can do other than with people of your own but not all of the things. This is difficult.

POSITIONS REQUESTED FOR INFORMATION CENTER

Mr. McDADE. Of these nine people that you say have been approved, how many of those nine would go to the Information Center?

Dr. RENNE. Six would go. No, three to WRSIC and six to the Office of Water Resources.

Mr. KOOP. That is WRSIC Washington.

Mr. McDADE. Thank you. That is all I have.

Mrs. HANSEN. Thank you, Mr. McDade. Thank you, Dr. Renne and Mr. Eaton and Mr. Koop. We appreciate your being here.

Dr. RENNE. Thank you for hearing us.

Mrs. HANSEN. We want to say that you have made a very good presentation. I think every State and certainly the entire Federal Government is interested in doing the best possible job that can be done on the total picture of water resources. One of the major responsibilities this committee has is to make sure that the work is being done with the fullest amount of coordination and with the maximum efficiency and economy. Thank you very much.

Dr. RENNE. Thank you very much.

TUESDAY, FEBRUARY 21, 1967.

BUREAU OF INDIAN AFFAIRS

WITNESSES

ROBERT L. BENNETT, COMMISSIONER
JAMES E. OFFICER, ASSOCIATE COMMISSIONER
WILLIAM R. CARMACK, ASSISTANT COMMISSIONER OF COMMUNITY SERVICES
CARL L. MARBURGER, ASSISTANT COMMISSIONER OF EDUCATION
CHARLES P. CORKE, DEPUTY ASSISTANT COMMISSIONER OF ECONOMIC DEVELOPMENT
F. M. HAVERLAND, DIRECTOR OF ENGINEERING
J. LEONARD NORWOOD, DIRECTOR OF ADMINISTRATION
PERRY E. SKARRA, CHIEF, BRANCH OF FORESTRY
RODERICK H. RILEY, ASSISTANT TO THE COMMISSIONER
SIDNEY D. LARSON, DIRECTOR OF BUDGET, DEPARTMENT OF THE INTERIOR

Mrs. HANSEN. The committee will come to order.

This morning we begin discussion of the 1968 budget estimate for the Bureau of Indian Affairs.

The committee is pleased to welcome Mr. Robert L. Bennett, Commissioner, as principal witness for this request, along with his staff.

Mr. Commissioner, I believe this is the first time you have appeared before this committee for the regular annual budget estimate in your present capacity. From all the information the committee has received I think you have been most energetic in the pursuit of your new duties. Needless to say, this committee extends to you its sincere wish for unlimited success in your efforts. There are still many serious problems existing in connection with the adaptation of the American Indians to present-day conditions and we need all the expert help we can get.

BIOGRAPHY OF COMMISSIONER

Since this is your first appearance before this committee in your present capacity, I think it would be well for you to insert in the record at this point a brief biographical sketch of yourself.

(The biography follows:)

ROBERT L. BENNETT

Born November 16, 1912 on the Oneida Indian Reservation in Wisconsin.

EDUCATION

Attended public and parochial schools in Wisconsin. Was graduated in 1931 from Haskell Institute (Indian school) at Lawrence, Kansas, where he specialized in business administration. Holds degree of L. L. B. from Southeastern University School of Law.

AGRICULTURAL AND INDUSTRIAL ASSISTANCE

ADEQUACY OF FUNDS FOR AGRICULTURAL EXTENSION

Mrs. HANSEN. We will turn now to "Agricultural and industrial assistance." As you will probably recall, some difficulty was encountered last year when you proposed to reduce the funding of the agricultural extension program in order to provide additional funds for your housing program. I note you have programed the same funding in 1968 for this activity as was available in 1967. Are you satisfied that an adequate job can be accomplished with this level of funding in 1968?

Mr. BENNETT. In 1968 we are asking for the same amount which was reestablished by this committee and we feel that we are going to operate again basically through contracts in most of the States with the State extension service. Here again, by having a contract for a service we also get resources from the State colleges and others and I feel a satisfactory job can be done in our agricultural extension program.

NEED FOR INCREASED CREDIT STAFF

Mrs. HANSEN. What is your justification for the request of an increase of \$44,242 for additional credit staff under your credit operations activity?

Mr. BENNETT. It is expected the substantive committees will take favorable action on our request for raising the limitation, and since this is for fiscal year 1968 we wanted to provide this assistance and have it readily available when we get the increased authorization. In addition, we will have the loan guarantee program, which is a companion bill. This will be where the Government will guarantee the payment of a certain percentage of the loans that go into default, similar to the GI bill loan guarantee. This is the staff we will need to prepare for this program, and to handle investment of trust funds.

DEPOSITING TRUST FUNDS IN BANKS

Mrs. HANSEN. In the September 28, 1966, issue of a local newspaper, there was an article on the Interior Department's depositing \$10 million of Navajo Indian trust funds in a Buffalo, N.Y., bank, despite a Department regulation that banks near the Indian reservations be given deposit priority. Was this article correct, and if so, what is your present policy in this regard?

Mr. BENNETT. At the time this was arranged we made the arrangements with the controller of the tribe and the finance officer of the tribe. They were in the Washington office and we made this deposit under the existing authorities that we had and it was with their agreement that this deposit was made. However, some of the political leaders of the tribe were not satisfied with this, but the deposit was made in a Buffalo bank in this case because this bank had already on deposit in the U.S. Treasury the collateral to support the deposit. Other banks we contacted did not have such collateral on deposit in the Treasury of the United States. The Buffalo bank was offering as high or higher rates of interest, also. This is the reason this particular bank was selected.

GAO REPORT ON BUREAU'S GUIDANCE TO NAVAJO TRIBE

Mrs. HANSEN. On June 30, 1966, the Comptroller General issued a rather critical report which implied that the Bureau of Indian Affairs was not providing effective and timely guidance to assist the Navajo Tribe in the financial management of certain tribal activities. We shall insert the transmittal letter covering this report in the record and ask you to give us your comments in connection therewith. (The letter follows:)

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., June 30, 1966.

To the President of the Senate and the Speaker of the House of Representatives:
The accompanying report concerns the need for effective guidance by the Bureau of Indian Affairs, Department of the Interior, of the Navajo Tribe of Indians in the management of tribal funds. Our finding, conclusions, and recommendations are summarized in this letter and presented in more detail in the report.

In our opinion, the Bureau, as trustee of the Indian estate, should provide effective and timely guidance to assist the Navajo Tribe in the financial management of certain tribal activities. Our review of selected tribal activities showed that in recent years a significant amount of tribal funds had been dissipated through (1) the unauthorized expenditure of funds for the expansion and continued operation of a heavy equipment pool which was operating at a deficit, (2) the unauthorized expenditure of funds for the establishment and liquidation of a commissary which was never opened for business, and (3) unsound purchasing practices.

We brought our findings to the attention of the Navajo Tribe and the Department of the Interior and proposed that the Secretary institute procedures which would provide for improvements in the management of trust funds advanced by the Bureau. The tribal council agreed that tribal funds had been dissipated and that there was a need for improvement in the control of the tribe's fiscal affairs.

In commenting on our proposals, the Commissioner of Indian Affairs indicated he did not believe that any corrective action was necessary and that the Bureau, in carrying out its responsibilities, had followed a policy of allowing tribal officials the highest degree of freedom in the management of tribal affairs in order that the officials may acquire the necessary management skills to assume full responsibility for tribal affairs. We recognize that the aim of this policy is in accordance with the intent of the Bureau's authorizing legislation. We believe, however, that it is incumbent upon the Bureau, in its role as trustee, to provide constructive and effective guidance to tribal officials until such time as it is demonstrated that sound financial management controls and practices, which provide for the prudent management of tribal assets, have been established. We conclude that the Bureau has not provided the type of guidance needed in order that the Navajo people may receive the maximum benefits from their assets.

Accordingly, we are recommending that the Secretary of the Interior direct the Bureau, in cooperation with the government of the Navajo Tribe of Indians, to (1) review the programs for which tribal funds are currently being expended, to evaluate the appropriateness of such programs, (2) review and evaluate the adequacy of the financial controls and practices for the expenditure of the funds, and (3) formulate and implement a comprehensive plan, based on the results of these reviews, for the effective utilization of tribal assets. We are also recommending that the Secretary require the Bureau to provide its personnel with improved guidelines for carrying out the Government's responsibility for the guidance of tribal officials in the management of tribal funds and to make periodic reviews to evaluate the effectiveness of, and compliance with, such guidelines. We are further recommending that the Secretary consult with the Joint Committee on Navajo-Hopi Indian Administration on the actions he and the tribe propose to take to correct the deficiencies in the management of tribal funds.

We are issuing this report to the Congress because of the particular interest shown in these matters by several members of the Congress and because of the special fiduciary responsibility that the Congress has placed on the Secretary of the Interior and the Commissioner of Indian Affairs for carrying out the Government's guardianship obligations to Indian people relating to trust funds. We are advising the Congress of the actions which we believe should be taken so that the management of tribal assets will be improved.

Copies of this report are being sent to the Director, Bureau of the Budget, and to the Secretary of the Interior.

ELMER B. STAATS,
Comptroller General of the United States.

Mr. BENNETT. The report was finalized, after its release to the tribe in preliminary form ahead of our receiving a copy, and since this final report has been issued we have had staff working very closely with the controller and with the executive secretary of the tribe in coming up with practices in tribal administration which will meet the exceptions made by the General Accounting Office.

We have here a conflict in philosophy in the sense that we feel that a part of our responsibility, in addition to carrying out our trusteeship, is to help and assist the tribes in learning to manage for themselves. In so doing, we sometimes take risks because I think in many businesses which are now under tribal operation we could have a higher efficiency by eliminating some of the unskilled and unsophisticated Indian people in the jobs and putting sophisticated and skilled non-Indians in the jobs.

As a result of the General Accounting Office report, we have worked very closely with the tribe and the tribe has been very cooperative. We have helped them institute many new procedures to make up for the deficiencies which were mentioned in the General Accounting Office report.

CURRENT POLICY RESULTING FROM GAO REPORT

Further, I would like to submit for the record a policy statement dated December 8, 1966, on the subject of "Indian Development, Reference: Tribal Budgets and Tribal Trust Funds," following the General Accounting Office report.

(The information follows:)

DEPARTMENT OF THE INTERIOR,
BUREAU OF INDIAN AFFAIRS,
Washington, D.C., December 8, 1966.

Memorandum to: All Area Directors, Division Heads, Central Office.

From: Commissioner of Indian Affairs.

Subject: Indian Development—Reference: Tribal budgets and tribal trust funds.

In commenting on a recent GAO report dealing with guidance provided by this Bureau in the management of tribal trust funds, we stated that this Bureau is moving in the direction of increased tribal and individual Indian responsibility. The purpose of this memorandum is to re-emphasize that direction.

In line with the policy of assisting the Indian people to assume a more assertive role, we have approved tribal budgets involving trust funds, understanding that these funds lose their trust character when so approved, and become a tribal responsibility for use in a productive and prudent manner. Tribes are expected to provide appropriate safeguards and reasonable effort in the direction of acceptable management techniques and procedures. We advise them on these matters when appropriate. Although we have the authority to withhold funds from tribal budgets, this procedure has been employed only when tribal decisions for essential action are not forthcoming. We prefer that our

efforts be combined with those of tribal advisors and tribally employed certified public accountants in encouraging tribal officials to adopt business-like procedures on their own initiative.

It is our objective to assure for the Indian people all of the options and opportunities available to Americans generally. In order to reach this objective, we must secure Indian development through their participation in matters of direct concern to them. We believe that this requires systematic, graduated experience in actual management, which will in turn provide a gradual transition to independent Indian management, in this development, the opportunity to make mistakes and gain experience from the process of trial and error is important. This involves risks. It is our responsibility to provide advice and assistance during this process, and to help in any way we can.

Collectively and individually, members of the tribe have a built-in interest in how their funds are used. This interest is an available ally for developing tribal groups or individual Indians in good business management practices. It should be used to encourage sound use of tribal funds by the managers themselves, and a more informed tribal membership.

The key measure of the success of our policy in working with the Indians will be their progress in gaining experience and assuming responsibility. Although this is in many cases an intangible product, we believe progress is being made in the implementation of this policy. Providing the proper climate for assumption of responsibilities is essential. It will require recognition of our trust responsibilities, as well as continuing comprehensive involvement in assisting the Indians toward independence in managing their own affairs.

ROBERT L. BENNETT,
Commissioner.

PROTECTION OF MINORS' SHARE OF AWARDS

Mrs. HANSEN. We have requested an amendment to be made to a bill that is in the legislative committee now to provide some protection for the children of Indians receiving awards. The children are entitled to a certain share. At the present time there doesn't seem to be adequate protection of the rights of minors.

There should be the highest amount of guardianship and responsibility exerted to make sure these funds are not diverted and will be saved for the children so when they reach the age where they want to go on to school, or pay for their needs, the money will be there.

Mr. BENNETT. There are two ways we have been approaching this problem. One is, in cases of outright per capita payments made to individuals, we have required in most instances that funds of the minors be deposited in the individual money accounts at the agency. Where tribes have had access to their own funds, we have suggested the setting up of trust funds.

It happened I was the superintendent of a tribe that set up its first trust fund for minors. It now has a few million dollars in it. This was the Southern Ute Tribe of Colorado. This is held in a local bank in a trust account and is payable to the children when they reach the age of 21 years. I agree with you we have a real responsibility in this field.

Mrs. HANSEN. Some of these children have really suffered because of the inability of the parents to properly manage their money.

Mr. BENNETT. I think also in educating the Indian parents we are trying to educate them as to the differences between the care of the estate of a child and the care of the person of the child, to distinguish between the two.